

# SBA 7(a) LOAN APPLICATION CHECKLIST

## West Virginia Small Business Administration District Office

Most of the SBA Loan Application Forms are available on our website at <http://www.sba.gov/library/forms.html>. You will need Adobe Acrobat reader in order to view the forms. You may download the Reader directly from Adobe's website, <http://www.adobe.com>, or from SBA's website, <http://www.sba.gov/viewers/>. You also may request hard copies of the 7(a) Loan Application forms by calling (304) 623-5631, Ext. 225

LENDER'S PORTION OF APPLICATION PACKAGE		
	YES	N/A
<b>Lender's Application for Guaranty (SBA Form 4-1).</b> Internal credit analysis may be attached but all information requested on Form 4-1 must be addressed. By law, SBA may not guarantee a loan if a business can obtain funds on reasonable terms from a bank or private source. Lender must make this determination, and retain documentation in the file. Print L/O's name in signature block.		
<b>Risk Management Database form.</b> To be completed by Lender and provided with each loan application.		
<b>Environmental Questionnaire.</b> To be completed jointly by applicant and lender when commercial real estate will secure loan. SBA must be in receipt of the Questionnaire or a Phase I Assessment/Audit prior to first disbursement.		
<b>Statement Regarding Lobbying (SBA Form 1846).</b> Completed by Lender on loans <b>exceeding \$150,000.</b>		
<b>Debt Refinancing:</b> Justification of all debt refinancing is required, including reason why debt was accumulated. If refinancing a debt owed to your bank submit: (1) Transcript of the account from its inception; (2) Certification by Lender, on Form 4-1 or otherwise, that the debt to be refinanced is, and has been, current for at least the last 36 months.		
<b>Change of Ownership Requests:</b> <b>(1)</b> Submit with loan package two different business valuation methods of the business to be acquired prepared by the lender (required regardless of whether the financing is structured as an asset purchase or a business purchase). [For Lenders Only: We have an Excel document that may assist you in preparing these valuations. To receive a copy, call (804) 771-2400, ext. 153.]; AND <b>(2)</b> If the business has changed hands in the last 36 months and the real estate is valued at over \$100,000, provide one of the following: (a) two appraisals of business real estate, including one requested directly by the lender; or (b) one appraisal and either a "review" of the first appraisal by another appraiser (selected directly by the lender), or if the first appraisal was requested by the lender, a site visit by a senior member of lender's staff may be substituted for the second appraisal. The lender must document the file and include the date of the visit and a description of the items reviewed on site.		
<b>IRS Form 4506T.</b> <u>When to file:</u> All <u>business</u> tax returns submitted with loan applications must be verified. Verification must be acquired for all existing small business concerns and for any small business concern being acquired with loan proceeds. It <u>does not</u> apply to <u>personal</u> tax returns of principals/guarantors <u>or</u> for newly established businesses.  <u>How to file:</u> Complete and forward original to IRS. Send copy to SBA with application package. NOTE: We recommend submitting this form to the IRS as soon as you can since verification of the borrower's tax returns/financial statements is required prior to first disbursement. There may be up to a two-day delay in processing the Form 4506T from date of receipt by IRS.		
<b>Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Lower Tier Covered Transactions (SBA Form 1624).</b> To be completed by applicant and submitted to Lender. Should be retained in Lender's files. Do not forward to SBA.		
<b>Credit Reports:</b> If you have ordered a Dun & Bradstreet Report and/or a Credit Bureau Reports on principals, and are allowed to share them, please provide copies to us. Submission of credit reports is required on CLP loans.		
<b>Review of Applicant's Portion of Application:</b> Lender should review the Applicant's portion of the application package to be sure that all required exhibits have been provided, properly completed, and <b><u>signed and dated</u></b> by the appropriate person.		
<b>Certified Lenders Program (CLP) Loans.</b> Provide: (1) A draft Loan Authorization using the most recent version of the Loan Authorization boilerplate; (2) A statement by Lender that "The owners and managers of the applicant business are of good character." (3) Copies of Credit Bureau Reports on all owners, guarantors and co-signers, and a Dun & Bradstreet report on applicant business. (4) The lender must have an executed Certified Lender Program (CLP) Agreement on file with the district office.		

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<b>APPLICANT'S PORTION OF APPLICATION PACKAGE</b>		
<p><b>Application for Business Loan (SBA Form 4).</b> Be sure to review Items 7-20 of the Application. Questions 9, 10 &amp; 11 must be answered. If answer "Yes" to any of these questions, provide a <b><u>signed and dated</u></b> exhibit which contains the information outlined on the Application. Be sure signature block on Page 3 and Applicant's Certification on Page 4 are <b><u>signed and dated</u></b> by the appropriate persons. <b>NOTE: The person signing on Page 3 as Proprietor, Partner or President must <u>sign and date</u> all other exhibits submitted with the application package.</b></p>		
<p><b>Statement of Personal History (SBA Form 912).</b> Provide for all proprietors, partners, officers (regardless of stock ownership), directors, and additionally by each holder of 20% or more of the voting stock, and any other person, including a hired manager, who has authority to speak for/commit the borrower in the management of the business. If answer "Yes" to Questions 7, 8 or 9, provide supplemental affidavit &amp; fingerprint card (contact SBA to obtain these).</p> <p>If principal is an alien, provide a copy of both sides of INS green card or visa. Lender must submit INS Form G-845, "Document Verification Request," with supporting information to the nearest INS office. Lender must include signed and dated authorization from the alien on the company's letterhead with an original signature and attach it to INS Form 845.</p>	—	
<p><b>Schedule of Collateral (SBA Form 4 Sch. A) or comparable exhibit.</b> If real estate is pledged, include a full legal description of the property and a copy of the deed. Be sure to provide all information outlined in Section II of this form. For all real estate pledged submit: (1) One of the following: (a) a current tax assessment; (b) an appraiser's opinion of the value range; or (c) a current appraisal. AND (2) A copy of a plat of each property.</p>		
<p><b>LEASE.</b> Provide copy of Lease on business premises (all locations).</p>		
<p><b>Personal Financial Statement (SBA Form 413) or comparable exhibit.</b> MUST BE CURRENT (LESS THAN 90 DAYS OLD). Provide for ALL proprietors, partners, corporate officers (with more than 5% stock ownership), stockholders owning 20% or more of stock, and all guarantors.</p>		
<p><b>HISTORICAL FINANCIAL INFORMATION - <u>EXISTING BUSINESSES</u>:</b></p> <ul style="list-style-type: none"> <li>• Current (LESS THAN 90 DAYS OLD) Financial Statement including Reconciliation of Net Worth, and ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE AS OF THE SAME DATE. Financial statement and each aging must be <b><u>signed and dated</u></b> by person signing Page 3 of SBA Form 4.</li> <li>• F/Y/E Financial Statements (B/S, P&amp;L and Reconciliation of Net Worth) AND Tax Returns for past 3 years. Each financial statement AND tax return must be <b><u>signed and dated</u></b> by person signing Page 3 of SBA Form 4. For businesses less than 3 years old, provide most recent U.S. Individual Income Tax Return (<b><u>signed and dated</u></b>) for all persons with 20% or more stock ownership.</li> </ul>	—	—
<p><b>FINANCIAL INFORMATION - <u>START-UP BUSINESSES</u>.</b> Provide:</p> <ul style="list-style-type: none"> <li>• <b>Opening Day Balance Sheet.</b></li> <li>• <b>Earnings Projection</b> for at least one year.</li> <li>• <b>Monthly Cashflow Projection</b> for first 12 months after loan approval.</li> <li>• A <b><u>signed and dated</u></b> copy of the most recent U.S. <b>Individual</b> Income Tax Return from ALL proprietors, partners, corporate officers (with more than 5% stock ownership), stockholders owning 20% or more of stock.</li> </ul>		
<p><b>PROJECTIONS: Earnings Projection</b> for at least one year. Only required from <b>existing businesses</b> where historical repayment ability is <u>not</u> shown.</p>		
<p><b>Exhibit D - History of the Business/Business Plan.</b> Must be <b><u>signed and dated</u></b> by person signing Page 3 of SBA Form 4. NOTE: If Exhibit D is a Business Plan, please provide an attachment stating, "To the best of my knowledge, all information contained in the attached Business Plan is true and correct to the best of my knowledge.", <b><u>signed and dated</u></b> by the person signing Page 3 of SBA Form 4.</p>		
<p><b>Exhibit E - Resumes.</b> Provide for all proprietors, partners, officers, directors, any persons with 20% or more stock ownership, and any employees with any stock ownership. NOTE: Each resume should be <b><u>signed and dated</u></b> by the respective individual.</p>		
<p><b>Exhibit G, List of Machinery &amp; Equipment to be Purchased with Loan Proceeds, including Quotes from Vendors.</b> Must be <b><u>signed and dated</u></b> by person signing Page 3 of SBA Form 4.</p>		
<p><b>Purchase of Real Estate.</b> Provide a copy of the purchase agreement.</p>		
<p><b>New Construction/Leasehold Improvements.</b> Provide (1) Copy of Construction Contract or Bid, or at a minimum an estimated cost of the project; (2) Copies of any preliminary construction plans/specs.</p>		

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<b>CHANGE OF OWNERSHIP REQUESTS.</b> Provide: (1) Copy of the Buy/Sell Agreement (at a minimum, a draft agreement is required); (2) Statement outlining reason(s) for change of ownership and how the business will benefit as a result. Also state whether the buyer and seller are related. (3) F/Y/E Financial Statements (B/S, P&L and Reconciliation of Net Worth) AND Tax Returns for past 3 years. Each financial statement AND tax return must be <b><u>signed and dated</u></b> by the current owner OR person signing Page 3 of SBA Form 4. (4) A <b><u>signed and dated</u></b> copy of the most recent U.S. <b>Individual</b> Income Tax Return from ALL proprietors, partners, corporate officers (regardless of stock ownership), stockholders owning 20% or more of stock. (5) An opening day balance sheet, <b><u>signed and dated</u></b> by person signing Page 3 of SBA Form 4.		
<b>AFFILIATES.</b> For each business in which the owners or majority stockholders own or have a controlling interest, provide (1) their names and the relationship to the applicant company; and (2) A current (less than 90 days old) financial statement (B/S, P&L and Reconciliation of Net Worth), <b><u>signed and dated</u></b> by person signing Page 3 of SBA Form 4.		
<b>FRANCHISES.</b> Provide: (1) Copy of Franchise Agreement; AND (2) Copy of FTC Disclosure Statement. If Franchise is on the Franchise Registry, one of the following is needed: (1) Certification of No Change or Non-Material Change on Behalf of Registered Franchisor; OR (2) Certification of Material Changes on Behalf of Registered Franchisor.		

Separate checklist is available for Contract, Seasonal, Builder and Asset Based CAPLines Loan Programs.

If you have any questions regarding this checklist, please call (304) 623-5631, Ext. 231